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with Shopping Center Age

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AFTER THE FALL

Lessons From LJ Hooker

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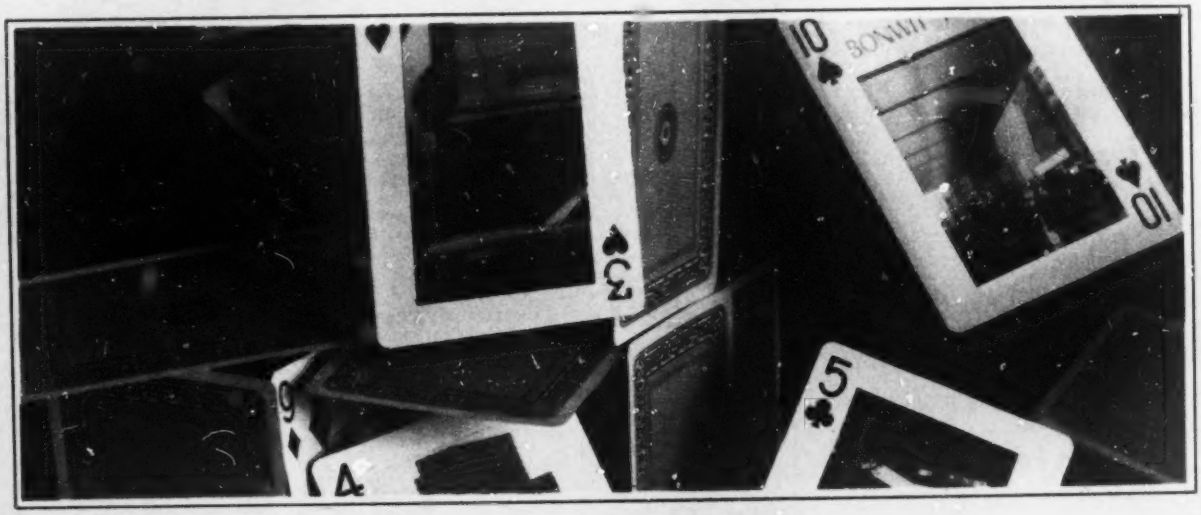

LESSONS FROM LJ HOOKER

The empire that George Herscu built around flagging department stores and megamalls has come crashing down like a house of cards buffeted by a strong wind. LJ Hooker's experience provides some important lessons for other developers-cum-retailers. 27

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Volunteers sift through damaged dry grocery items at A&P's reclamation center

baum, possibly on Long Island," says Reichert. "Eventually we will go to all 25 states where A&P operates. Where the need exists, we will go."

Reichert says one visit to the North Bergen center, shortly after her conversation with her clergyman, was all it took for her to recognize how much of an impact A&P could make by donating food.

The center is where A&P stores send damaged dry grocery items which they choose not to stock for sale on shelves, and for which they seek credit from the manufacturers.

"When you have a central area for that sort of thing—as opposed to disposing of the items from the backrooms of individual stores as some retailers do—you can see how much product is actually being thrown away. It's phenomenal," she says.

"I wondered how much it would cost A&P to turn that product over to organizations for the needy. As it turns out, it costs little," Reichert explains.

"We still get credit from the manufacturers for the damaged goods. They're all willing to let us dispose of the items through donations. In fact, at this point, the system has become routine at North Bergen."

Sifting through and distributing the items costs A&P nothing, she says, since it's all done by volunteers.

"They organize the items and check to make sure there's no damage that might render the food harmful to eat. Just because we won't sell a dented can doesn't necessarily mean the food inside is bad," says Reichert.

"The volunteers are obviously doing a good job because, so far, there's never been a reported case of anyone getting sick from the food."

As if all this weren't enough, in June A&P started a program called Fight Hunger. Consumers are invited to donate non-perishables by placing them in bins set up in stores.

"Our goal is to implement the program in all the stores in northern New Jersey, then eventually go chain-wide," Reichert says.

If establishing a food for the needy program costs so little, then why don't all supermarket chains do it? "First of all, a chain needs someone to initiate it," says Reichert. "These things don't happen automatically.

"And second, even though it may not cost very much, it does take work. You need to have a good standard procedure going, otherwise, you get chaos. And you need a central reclamation location—you lose efficiency if all the reclamation work takes place in the backrooms of stores," she says.

Reichert recognizes that for its efforts, A&P reaps substantial image-building benefits. "I'm fully aware that the publicity is good for the company. It has an impact not only on consumers, but on our employees—they can take pride in what we do."

However, Reichert says her prime motivation is humanitarianism, not public relations. "It's simply my personal desire to help people in need.

"If publicity can create a justification for that, that's fine. Personally, what I'd like most is to make other companies aware of what we're doing. Perhaps they'll decide to emulate us, which can only further reduce the problem of hunger." ■

—Bruce Fox

ARE THEY WORTH IT?

EXECS COST PLENTY, BUT CHECK THE BOTTOM LINE

Did Wal-Mart ceo David Glass do a better job last year than K mart's Joseph Antonini? If performance is measured by a company's profits compared to its chief executive's salary, he did.

Glass brought $1,642 to Wal-Mart's bottom line for every dollar he was paid in 1988. K mart recorded a $868 profit for every dollar it paid Antonini. Salary and bonus for Glass last year totaled $510,000. Antonini pulled in $925,000.

Both retail chief executives, however, rank at the top of this year's Executive Pay Scoreboard (*see chart, page 21*). Glass topped the list. Antonini came in third.

Joining the discount heavyweights in the top 10 are: J. C. Penney's William Howell; Sears, Roebuck's Edward Brennan; Petrie Stores founder Milton Petrie; May Department Stores head David Farrell; Price Club's Robert Price; Tandy chief and Radio Shack operator John Roach; Melville's Stanley Goldstein; and Winn-Dixie ceo Dano Davis.

Chain Store Age Executive ranked the ceo's by taking each company's 1988 net profits and dividing by the chief executive's compensation (salary and bonus, excluding stock gains).

The more profits the company recorded per dollar paid to its top executive, the higher that ceo ranked on the list. High pay alone was not necessarily a barrier to a high position on the Scoreboard.

Sears' Edward Brennan placed third on the list, despite being the fourth highest paid executive of the 50 surveyed.

Losses, however, were certain to put the ceo near the bottom. Maurice Segall occupies last place, the Scorecard's least coveted spot. In 1988 Zayre lost $240 for every dollar it paid Segall. Joining Segall at the bottom are: Carson Pirie Scott's Peter S. Wilmott, Rapid-American's Meshulam Riklis and Vons' Roger Strangeland. ■

Executive Pay Scoreboard

Chief Executive	Company	1988 Salary + Bonus ($000 omitted)	1988 Profits ($000 omitted)	Profits + Compensation
David D. Glass	Wal-Mart Stores	$ 518	$837,200	$1,642
William R. Howell	J. C. Penney	796	887,000	1,815
Joseph E. Antonini	K mart	925	882,000	868
Edward A. Brennan	Sears, Roebuck	1,296	969,500	558
Milton Petrie	Petrie Stores	150	92,182	615
David C. Farrell	May Dept. Stores	1,125	534,000	475
Robert E. Price	Price	230	94,753	412
John V. Roach	Tandy	672	321,300	368
Stanley P. Goldstein	Melville	1,073	354,500	330
A. Dano Davis	Winn-Dixie Stores	466	128,300	274
James F. Nordstrom	Nordstrom	454	123,300	272
John N. Nordstrom	Nordstrom	454	123,300	272
Bruce A. Nordstrom	Nordstrom	454	123,300	272
Harold E. Sells	Woolworth	1,002	288,000	271
Kenneth A. Macke	Dayton Hudson	1,169	287,000	246
Leslie H. Wexner	The Limited	1,031	245,100	238
Tom E. Smith	Food Lion	552	112,500	211
Charles R. Walgreen III	Walgreen	649	135,000	208
Leonard G. Herring	Lowe's Cos.	379	69,200	183
W.E. McCain	Albertsons	970	182,500	188
Leon F. Winkler	Mercantile Stores	882	144,500	164
Alex Grass	Rite Aid	637	95,300	150
Raymond Zimmerman	Service Merchandise	529	76,500	145
Robert M. Long	Longs Drug Stores	391	55,900	143
David V. Wachs	Charming Shoppes	318	42,585	134
Karl Eller	Circle K	436	52,500	120
Richard L. Sharp	Circuit City Stores	586	83,000	165
William T. Dillard Sr.	Dillard Dept. Stores	1,153	113,000	98
Richard A. Smith	General Cinema	1,225	194,200	85
Peter S. Hollis	Ames Dept. Stores	594	47,200	79
Israel Cohen	Giant Food	1,247	98,000	79
Leon Levine	Family Dollar	360	27,334	76
Frederick M. Stevens	Fred Meyer	475	36,700	77
John J. Shea	Spiegel	787	57,000	72
James Wood	Great A&P Tea	2,810	127,000	63
Charles Lazarus	Toys "R" Us	4,429	268,000	61
Donald G. Fisher	The Gap	1,374	74,200	54
Bernard Marcus	Home Depot	1,985	76,000	46
Lucius H. Harvin III	Rose's Stores	358	16,400	46
Cal Turner, Jr.	Dollar General	257	10,015	35
Lyle Everingham	Kroger	1,000	34,500	34
Elliot S. Jaffe	Dress Barn	530	15,832	30
Stephen A. Goldberger	Hills Dept. Stores	636	10,000	17
Herbert Fisher	Safeway	886	9,600	12
Philip M. Hawley	Carter Hawley Hale	695	5,300	9
Philip G. Barach	U.S. Shoe	696	5,300	9
Roger E. Strangeland	Vons Cos.	887	(23,000)	– 46
Meshulam Riklis	Rapid-American	3,874	(161,012)	– 53
Peter S. Wilmott	Carson Pirie Scott	448	(36,700)	– 97
Maurice Segall	Zayre	700	(167,000)	– 240

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FINANCE

SEARS BACK ON SHAKY GROUND

Spurred by continued strength in apparel sales, most of the nation's biggest retailers reported improved year-to-year sales in July. However, at Sears, the nation's largest chain, the newly implemented everyday-low-price policy has produced shaky returns. The company reported a gain of only 0.4% for the month, with same-store sales down 2.4%.

Michael Bozic, chairman of Sears Merchandise Group, blamed weak durables sales. He noted the company had recently expanded its appliance departments. Indeed, among all retailers, those that emphasize apparel consistently outperformed those with inventories containing more durable goods.

In contrast to Sears, K mart appears to be on the rebound. The company said its July sales were up 6.4% from the year earlier. "The improved tone to our business in June continued in July," said Joseph E. Antonini, K mart chairman and ceo.

Continuing its dramatic momentum, Wal-Mart, the No. 3 retailer, gained 23.8% in its July sales, while same-store sales rose 10%.

J. C. Penney, too, saw a substantial sales rise—12.1%—to $1 billion in July. William R. Howell, chairman, said that all apparel lines had increases, with the most significant gains in children's merchandise, indicating the likelihood of a strong back-to-school season.

Same-store sales at Carter Hawley Hale rose 4% for the month and 6% for 26 weeks. "Sales during July were satisfactory, with the best gains coming in the women's apparel area," said Philip M. Hawley, chairman and ceo.

At Dayton Hudson, same-store sales rose 6.9% for July and 5.9% for the 26 weeks. "The month's growth was led by soft lines," said Kenneth A. Macke, chairman and ceo.

Company	July '89 sales ($000)	% change	% change comp. stores	YTD sales ($000)	% change YTD	% change YTD comp. stores
Sears	$2,400,750	+ 0.4	– 2.4	$15,711,546	+ 6.7	+ 4.2
K mart	2,099,060	+ 6.2	+ 2.7	13,078,775	+ 4.4	+ 0.4
Wal-Mart	1,983,000	+ 24.4	+10.0	11,421,000	+ 25.1	+11.0
Penney	1,001,000	+ 11.8	+ 9.8	6,779,000	+ 6.2	+ 3.8
Dayton Hudson	896,000	+ 15.6	+ 6.9	5,900,000	+ 13.3	+ 7.0
May	557,300	+ 6.1	+ 6.0	4,028,500	+ 17.9	+ 5.9
Melville	510,900	+ 7.8	N/R	3,714,600	+ 11.3	N/R
Woolworth	592,000	+ 8.2	+ 4.6	3,860,000	+ 8.3	+ 3.6
Carter Hawley Hale	190,700	+ 4.9	+ 4.0	1,220,300	+ 7.0	+ 6.0
Walgreen	436,449	+ 11.3	+10.1	3,083,195	+ 10.7	+ 9.4
Ames	342,000	+113.8	+ 6.2	2,327,000	+122.7	+ 1.3
Kiard	332,639	+ 0.5	N/R	2,163,808	+ 5.9	+ 5.2
The Limited	292,500	+ 12.4	+12.0	1,955,000	+ 14.7	+13.0
Marcorella	144,333	+ 4.4	+ 3.3	983,617	+ 3.0	+ 2.2
Hills	129,293	+ 26.5	+ 3.3	828,665	+ 28.9	+ 2.9
The Gap	85,000	+ 18.1	+ 8.0	606,000	+ 25.7	+16.0
Circuit City	160,900	+ 18.0	– 4.0	N/R	N/R	N/R
Nieman-Marcus Group	102,300	+ 29.8	+20.7	N/R	N/R	N/R
Ross's	96,533	– 2.9	– 8.0	674,831	+ 3.0	– 2.6
Jamesway	51,269	+ 12.6	+ 5.0	363,028	+ 10.6	+ 3.0
Ross	62,000	+ 18.0	+10.0	331,000	+ 18.0	+11.0
Dollar General	55,000	+ 3.9	+ 3.1	275,900	+ 3.0	+ 3.3
Best Buy	40,000	– 2.0	– 4.0	147,000	– 3.0	N/R
Cottonhelle	14,460	+ 12.3	N/R	N/R	N/R	N/R
Claire's	11,860	+ 43.0	+25.0	72,380	+ 56.0	+36.0

N/R – not reported

Source: Company reports